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BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268–0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 543 (MC2019-176)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2019-198

USPS NOTICE OF AMENDMENT TO PRIORITY MAIL CONTRACT 543, FILED UNDER SEAL

(December 16, 2020)

The Postal Service hereby provides notice that the terms of Priority Mail Contract 543, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Contract 543 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective one calendar day following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

475 L'Enfant Plaza, SW Washington, D.C. 20260-1137 (202) 268-8405 Sean.C.Robinson@usps.gov December 16, 2020

ATTACHMENT A REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 543

AMENDMENT #2 OF SHIPPING SERVICES CONTRACT BETWEEN THE UNITED STATES POSTAL SERVICE

AND

REGARDING PRIORITY MAIL SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and ("Customer") entered into a Shipping Services Contract, PM Contract 543/Docket No. CP2019-198 regarding Priority Mail Service on June 26, 2019.

WHEREAS, the Parties desire to amend the terms in Sections I.E.2, I.F and, I.G including amending Table C, amend Table 3 and add Table 4 to Section I.H of the Contract.

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective one (1) calendar day following the day on which the Commission issues all necessary regulatory approval.

[Amend Section I.E.2, I.F and I.G, amend Table 3 and add Table 4 to Section I.H of the Contract.]

E.

- 1. Unchanged.
- 2. Tier threshold. As outlined in Table B below, the following quarterly average volumes must be met in order to achieve the applicable Contract Package prices in Section I.H below.



- F. From the effective date of the Amendment through December 31, 2020, Customer will pay Tier 2 prices for Contract Packages, pursuant to Table 2. Beginning January 1, 2021, subsequent tier pricing will be determined by the quarterly average of Total Packages shipped during the term of this Contract. If the quarterly average of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices for the subsequent Contract Quarter. Notwithstanding, the Postal Service may provide Customer with access to a higher tier than the tier earned per the calculation in this section and Section I.G below at its sole discretion.
- G. Customized prices for this Contract will be based on a rolling four (4) Quarter average. Following December 31, 2020, the average will be based on the total number of Total Packages shipped divided by the number of full Quarters achieved. For example, the quarterly average of Total Packages shipped for the period July 1, 2020 through December 31, 2020, will determine the tier pricing as of January 1, 2021. At the conclusion of the first four (4) full Quarters, pricing for subsequent Quarters will be calculated by the total number of Total Packages shipped in the previous four (4) Quarters divided by four (4). At the conclusion of each Quarter, the Postal Service will calculate the total number of Total Packages and the number of applicable Quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that Quarter. Table C below illustrates the method in determining tier level and corresponding prices.

Table C

Contract Year (CY) 2	Tier Determination
Quarter 3 (October 1-	Tier 2 Pricing
December 31, 2020)	477
Quarter 4	Total Packages Shipped (CY2 Q's 2&3) ÷ 2
Contract Year (CY) 3	
Quarter 1	Total Packages Shipped (CY2 Q's 2,3 &4) ÷ 3
Quarter 2	Total Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4
Quarter 3	Total Packages Shipped (CY2 Q's 3&4 + CY3 Q's 1&2) ÷ 4
Quarter 4	Total Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

H. Customized Contract Package Pricing Tables





IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE
Signed by: Uristine Bailey
Printed Name: Christine Bailey
Title: Vice President Sales
Date:

ATTACHMENT B SIGNED CERTIFICATION

Certification of Prices for Amendment to Priority Mail Contract 543

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Contract 543. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K. McKenzie

Digitally signed by Nan K. McKenzie DN: cn=Nan K. McKenzie, o, ou=Manager, Pricing Innovation, email=nan.k.mckenzie@usps.gov, c=US

Date: 2020.12.16 09:17:41 -05'00'

Nan K. McKenzie